THE CHALLENGES AND PROMISES OF FARM INCOME ENHANCEMENT

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A program for enhancing income in agriculture has been established in The Ohio State University's Department of Agricultural Economics and Rural Sociology for the purpose of focusing concentrated intellectual effort on conceptualizing and evaluating alternatives to enhance income and promote long-term stability in agriculture. Emphasis will be on the development of new, innovative and imaginative alternatives in agricultural marketing and policy. This multidisciplinary research program, of broad national scope, will encompass production, marketing, end-use, organizational, and adaptive innovations.

Objectives

Specific objectives of the program are to:

1. Identify and analyze innovation in agricultural marketing and marketing alternatives which hold the potential to enhance income.
2. Provide leadership in conceptualizing and advancing innovative concepts that could bring growth and stability to agricultural income.
3. Conduct an outreach program to make results available to farmers, agribusiness leaders, public officials and the general public.
4. Build a top quality academic program to serve as a national center of excellence in the agricultural marketing and policy area.

Research Areas

Nine broad categories of research are considered as areas of interest and concentration for the income enhancement program. The central theme throughout is on the assessment of innovation. The categories are not mutually exclusive, but they serve to illustrate the breadth and substance of the income enhancement program.

New markets: This area involves identifying and assessing specific technology for application to production agriculture and/or food processing. Included are items such as consumer preference studies on grades or other quality factors, niche market feasibility studies such as high-lysine corn for snack food processors, and demand analysis of existing but evolving markets such as lite beef, organic products, and high-fiber foods. Alternative industrial non-food markets and non-traditional food markets are part of this area.

New products: This area involves assessing the feasibility of commercialization of technologically new products. This would include studies of biotechnology-based applications to production agriculture and food processing.

Organization: This area includes evaluation of alternative organizational forms for producers and alternative marketing strategies that enhance income. Alternative organizational forms would include cooperatives, marketing agencies-in-common, and/or joint ventures. The environment which induces an altered organizational form may include assuring long-term viability of markets, capturing margin, or facilitating vertical coordination or integration. Also included is evaluation of alternative strategies such as hedging and forward contracting.

Strategic planning: This area is evaluating long-term economic factors influencing the market position of a commodity, cooperative, or industry, using scenario analysis. Key elements of the evaluation typically would be identification of exogenous factors, those beyond the control of managers, which shape the future business environment.

Economic efficiency or cost/benefit: Assessing innovation in economic terms can take many forms. This area includes innovation in post-harvest technologies such as handling and packaging alternatives, improved technologies or methods for reducing product loss caused by contamination or insects, and cost/benefit analysis of innovation in processing and distribution. This area of research also would examine alternatives for reducing cost from a marketing system perspective and assessing pricing accuracy (price differentials by quality). An allied area is innovation in price discovery, such as creation or implementation of on-screen trading systems to enhance system efficiency.

Value added: This area is research in further processing such as assessing the feasibility of ownership or contractual forward integration by producers into value added industries. Included are studies that inventory current value added industries in food processing, production, or retailing. This may include identification of the need for new processing facilities.

Competitiveness: This area includes evaluation of the current international competitive posture of production and food processing industries. Included are demand and market share analysis, both domestic and foreign; absolute or comparative advantage studies; and market structure studies to enhance competitiveness.

Policy: This area emphasizes policy to facilitate development and maintenance of markets. Identification and evaluation of three major types of policy are included: 1) trade policy, 2) food policy, and 3) trade practice regulations. These three policy types are not necessarily mutually exclusive. For example, there could be interaction between trade and food policy. Alternatives to protectionist policies and other innovative avenues which could improve the trade posture of the United States will be considered. This area of research is coordinated with the Anderson Endowed Professorship in Policy, also in the Department of Agricultural Economics at The Ohio State University.

Environment: This area includes research to enhance environmentally acceptable methods of production and marketing. For example, identification and evaluation of innovation in waste treatment, water treatment, chemical use, or other similar technologies are part of this area. The research is intended to analyze the costs and benefits of implementing such technology.

Focus and Coordination

The program has national focus in terms of developing innovative concepts and implementation of research that explores the ramifications of those concepts. Cooperation across states with land-grant and other universities is established through regional research projects, "seed-money" funding of innovative research proposals regardless of where they arise, and sponsorship of regional or national conferences and symposia. Effort is exerted to minimize duplication and capture the benefits of complementary activities from wherever they may be gleaned. The expertise of distinguished scholars, leaders from the agricultural community,

prominent policy analysts, public officials, agribusiness leaders, and other authorities from around the nation and the world can be drawn upon. Publications, conferences, workshops and seminars are used to develop and assess innovative ideas and to disseminate results of the research effort.

In closing, technology has created a shrinking world over time. The business environment of the future is one of global interdependence. Understanding markets and the delivery system linking them will be a key to profitability. The income enhancement endowment at The Ohio State University offers the opportunity to focus a sustained research effort on innovation and profitability. This challenge is great and could not be more exciting.